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IMMEDIATE

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STAFF

OUTGOING
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[REDACTED]

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BRIEF 140453Z
TO: IMMEDIATE ROUTINE MEA BRIEF.

WNINTEL

[REDACTED]

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OUTGOING
MESSAGE

SUBJECT: MIDDLE EAST BRIEF

FOR 14 AUGUST 1989.

FROM: DDI/O/CPAS.

CONTENTS

1. LEBANON: TWO ISRAELI PRISONERS PROBABLY DEAD
2. SOUTH AFRICA: IN TROUBLE ON REPAYING FOREIGN DEBT
3. [REDACTED]
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1. LEBANON: TWO ISRAELI PRISONERS PROBABLY DEAD

[REDACTED] TEL AVIV HAS LEARNED THAT TWO OF
THE THREE ISRAELI PRISONERS IN LEBANON HAVE BEEN DEAD SINCE 1986.

THE ARTICLE ALLEGES THAT SHAYKH ABDUL KARIM UBAYD PROVIDED THIS
INFORMATION TO THE ISRAELIS UNDER INTERROGATION. A SENIOR ISRAELI
ARMY SPOKESMAN YESTERDAY REFUSED TO RESPOND DIRECTLY TO THE ARTICLE
BUT REITERATED THE LONGSTANDING POSITION: "WE REGARD OUR SOLDIERS
AS ALIVE UNLESS WE HAVE PROOF OTHERWISE." [REDACTED] ALSO CLAIMED
THE THIRD ISRAELI PRISONER, DOWNED AIRMAN RON ARAD, IS BELIEVED TO
BE ALIVE BUT NOT IN HIZBALLAH HANDS.

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Approved for Release
Date JUN 1999

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MEANWHILE, [REDACTED] ISRAELI TROOPS IN SOUTHERN LEBANON HAVE CAPTURED A HIZBALLAH MEMBER WHO HELPED SET UP THE SUICIDE CAR BOMBING THAT WOUNDED FIVE ISRAEL DEFENSE FORCES SOLDIERS ON WEDNESDAY. THE IDF HAS ALSO TIGHTENED SECURITY MEASURES IN SOUTHERN LEBANON IN RESPONSE TO THE CAR BOMBING.

[REDACTED] TEL AVIV STILL HOPES THAT SOMETHING POSITIVE WILL COME FROM ITS ABDUCTION OF UBAYD. ALTHOUGH IT HAS LONG FEARED THAT AT LEAST TWO OF THE THREE MISSING IDF TROOPS ARE DEAD, TEL AVIV PROBABLY WILL CONTINUE TO PRESS FOR RETURN OF THE BODIES AS WELL AS RELEASE OF ANY ISRAELI PRISONERS AS PART OF ANY HOSTAGE EXCHANGE.

THE ISRAELIS PROBABLY WILL INCLUDE THIS NEWEST HIZBALLAH PRISONER INTO ANY HOSTAGE EXCHANGE INVOLVING UBAYD. THEY WILL INTERROGATE HIM FIRST TO TRY TO LEARN WHETHER ANY OTHER HIZBALLAH ACCOMPLICES CAN BE ROUNDED UP. TEL AVIV PROBABLY IS TRYING TO KEEP SOME PRESSURE ON HIZBALLAH WITHOUT FURTHER ENDANGERING THE WESTERN HOSTAGES.

2. SOUTH AFRICA: IN TROUBLE ON REPAYING FOREIGN DEBT

PRETORIA SEEMS CONFIDENT IT CAN PERSUADE CREDITOR BANKS TO ROLL OVER MOST OF THE \$13 BILLION IN SHORT-TERM DEBT DUE BY MID-1990, DESPITE CALLS FOR AN INTERNATIONAL CAMPAIGN TO URGE BANKS HOLDING THE DEBT TO IMPOSE STIFF TERMS.

OFFICIALS OF EIGHT COMMONWEALTH NATIONS, EXCLUDING THE UK, CALLED LAST WEEK FOR BANKS TO IMPOSE THE HIGHEST INTEREST RATES POSSIBLE WHEN PRETORIA SEEKS TO EXTEND BEYOND NEXT JUNE ITS INTERIM DEBT ACCORD WITH MAJOR CREDITOR BANKS. THE AFRICAN NATIONAL CONGRESS AND ANTIAPARTHEID GROUPS IN SOUTH AFRICA, EUROPE, AND ELSEWHERE ARE URGING AN EVEN TOUGHER LINE, ARGUING THAT CREDITORS SHOULD REFUSE TO DEFER THE REPAYMENT OBLIGATIONS.

SOUTH AFRICAN GOVERNMENT ECONOMISTS BELIEVE CREDITOR BANKS WILL AGREE TO SETTLE FOR ACTUAL DEBT REPAYMENTS OF NO MORE THAN \$2 BILLION A YEAR IN 1990 AND 1991. PUBLICLY, THEY MAINTAIN SOUTH AFRICA WILL HAVE ENOUGH FOREIGN CURRENCY TO COVER DEBT SERVICING AS LONG AS THE PRICE OF GOLD AVERAGES \$400 AN OUNCE. THE NEW RESERVE BANK GOVERNOR, CHRISTIAN STALS, WHO WAS APPOINTED AFTER GOVERNOR DE KOCK'S DEATH LAST WEEK, NEGOTIATED THE CURRENT ACCORD IN MARCH 1987 AND WILL DEFEND SOUTH AFRICA'S INTERESTS ABLY.

PRETORIA IS CONCERNED ABOUT THE POTENTIAL SIZE OF ITS SHORT-TERM DEBT REPAYMENT OBLIGATIONS AND THE NEGATIVE IMPACT ON ECONOMIC GROWTH. MOST OF THE DEBT, HOWEVER, IS HELD BY COMMERCIAL BANKS, WHICH ARE EARNING PREMIUM INTEREST RATES AND ARE UNLIKELY TO BOW TO PRESSURE TO IMPOSE UNREASONABLE REPAYMENT TERMS. IF PRESSED TOO HARD, PRETORIA WOULD BE MORE LIKELY TO SUSPEND DEBT REPAYMENTS THAN TO RISK BEING SEEN DOMESTICALLY AS HAVING YIELDED TO FOREIGN PRESSURE.

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4. IN BRIEF

SOUTH ASIA

X--BANGLADESH PRESIDENT ERSHAD HAS APPOINTED NEW VICE PRESIDENT AND PRIME MINISTER . . . ERSHAD STILL RECOVERING FROM RECENT HEART CONDITION . . . CHANGES NOT LIKELY TO AFFECT NATIONAL POLICY, BUT MORE SHIFTS IN SENIOR LEADERSHIP LIKELY SOON. ~~REDACTED~~ b3

MIDDLE EAST

X--ARAFAT TO REOPEN PALESTINE NATIONAL FUND, PLO'S DE FACTO FINANCE MINISTRY, IN AMMAN THIS WEEK . . . JORDANIANS CLOSED IT THREE YEARS AGO AFTER RIFT WITH PLO . . . SHOWS RELATIONS IMPROVED, EFFORTS TO FUND INTIFADAH INTENSIFYING. ~~REDACTED~~ b3

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